

Message Text

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ORIGIN AEC-11

INFO OCT-01 ARA-11 EUR-25 EA-11 NEA-10 ADP-00 ACDA-19

CIAE-00 INR-10 IO-12 L-03 NSAE-00 NSC-10 RSC-01

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EA/ J: WPIEZ

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EUR/ RPE: JLONG

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY ROME PRIORITY

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AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY MEXICO PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY TOKYO PRIORITY

AMCONSUL BOMBAY PRIORITY

AMEMBASSY NEW DELHI PRIORITY

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E. O. 11652: N/ A

TAGS: TECH, ENRG

SUBJECT: REVISED AEC TOLL ENRICHMENT CONTRACT

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BOMBAY FOR USAEC SCIREP

1. AT REQUEST OF JCAE, AEC DEFERRED ESTABLISHMENT IN MID- MARCH OF PROPOSED REVISED URANIUM ENRICHMENT SERVICES CRITERIA PENDING FURTHER DISCUSSIONS WITH FOREIGN AND DOMESTIC REPRESENTATIVES OF NUCLEAR INDUSTRY. THESE DISCUSSIONS ARE NOW COMPLETED AND, ON APR. 10, AEC PROPOSED TO JCAE CERTAIN CHANGES IN CRITERIA AND CONTRACT PROCEDURES DESIGNED TO BE RESPONSIVE TO A NUMBER OF INDUSTRY COMMENTS.

2. THE PROPOSED CHANGES ARE:

A. PROVISION OF SOME DEGREE OF FLEXIBILITY WITH REGARD TO CUSTOMER'S COMMITMENTS TO TAKE FIXED AMOUNTS OF SEPARATIVE WORK. THIS WOULD BE ACCOMPLISHED BY PERMITTING CUSTOMER TO DELIVER ADDITIONAL FEED MATERIAL (OVER THAT SPECIFIED IN THE STANDARD TABLE OF ENRICHMENT SERVICES) AND THEREBY OBTAIN INCREASED AMOUNTS OF ENRICHED URANIUM WITHOUT AFFECTING THE AMOUNT OF SEPARATIVE WORK SPECIFIED IN THE CONTRACT. IT IS ANTICIPATED THAT THERE WOULD BE SOME ADDITIONAL INCREMENTAL COST TO THE CUSTOMER FOR THESE INCREASED QUANTITIES BUT SUCH COST SHOULD NOT BE UNREASONABLE.

B. ADDITION OF A PARAGRAPH IN THE CRITERIA ASSURING THAT ANY PROPOSED FUTURE CHANGE IN ENRICHING CONTRACTS NOT REQUIRING A REVISION IN THE CRITERIA BUT WHICH MIGHT HAVE AN ADVERSE EFFECT ON THE CUSTOMER WOULD BE WIDELY DISSEMINATED AND THAT ALL INDUSTRY COMMENTS THEREON WOULD BE CAREFULLY REVIEWED AND CONSIDERED BEFORE BRINGING CHANGES INTO FORCE.

C. ADDITION OF A PARAGRAPH IN THE CRITERIA DESCRIBING, ON A QUALITATIVE BASIS, THE PRINCIPAL FEATURES OF FIXED COMMITMENTS CONTRACTS.

D. REINSERTION OF THE REQUIREMENT IN THE CRITERIA THAT TERMS AND CONDITIONS, INCLUDING CHARGES, BE NONDISCRIMINATORY, AS WELL AS REASONABLE, BEFORE COMMISSION COULD TERMINATE CONTRACT IN FAVOR OF U. S. COMMERCIAL ENRICHER. (NONDISCRIMINATION IS DEFINED BY FOOTNOTE TO ADDRESS ISSUE OF ARBITRARY DISCRIMINATION BUT WOULD NO
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PRECLUDE DIFFERENT TERMS AND CONDITIONS, INCLUDING CHARGES, WHERE SUCH DIFFERENCES WERE BASED ON DIFFERENT RISKS AND COSTS
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PRESENTED BY SEVERAL CUSTOMERS.)

E. CLARIFICATION, BY ADDITION TO CRITERIA, THAT CUSTOMER TERMINATION CHARGES PRESENTED IN EARLIER MATERIAL DESCRIBING NEW CONTRACTING POLICY ARE MAXIMUM AND THAT COMMISSION WILL REDUCE SUCH TERMINATION CHARGES PROSPECTIVELY WHEN ESTIMATED COSTS OF TERMINATION TO AEC ARE SIGNIFICANTLY LESS THAN THE THEN CURRENT CHARGES PUBLISHED IN THE FEDERAL REGISTER.

F. ADDITION TO THE CRITERIA OF A MINIMUM 60- DAY ADVANCE NOTICE PERIOD FOR ANY FUTURE INCREASE IN SEPARATIVE WORK CHARGE, WHICH WOULD PERMIT TIME FOR JCAE AND INDUSTRY TO SEEK INFORMATION ON THE PROPOSED INCREASE.

G. INCREASE FROM 180 DAYS TO 540 DAYS IN THE NOTICE PERIOD REQUIRED TO BE GIVEN BY AEC FOR CHANGES IN UF6 SPECIFICATIONS OR STANDARD TABLE OF ENRICHING SERVICES, BY MODIFICATION TO EXISTING CRITERIA.

H. CLARIFICATION, BY POLICY STATEMENT, THAT ANY AEC ENRICHMENT CONTRACTS TERMINATED IN FAVOR OF U. S. COMMERCIAL ENRICHER WOULD BE IN REVERSE ORDER OF SIGNING (I. E., " LAST IN, FIRST OUT").

I. ADDITIONAL POLICY STATEMENT THAT AEC WOULD NOT BE INFLEXIBLE IN IMPLEMENTATION OF CONTRACTING POLICIES AND WOULD CONTINUE TO TAKE INTO ACCOUNT OVERALL INDUSTRY NEEDS AND THE POSSIBILITY OF SPECIAL CIRCUMSTANCES APPLYING TO INDIVIDUAL CASES WHERE A SPECIAL CONTRACTING APPROACH MIGHT BE MUTUALLY BENEFICIAL TO AEC AND THE CUSTOMER.

3. LETTER TO JCAE INDICATES COMMISSION NOW PREPARED TO PUBLISH AMENDED CRITERIA AND IMPLEMENT RELATED REVISED ENRICHMENT CONTRACTING PRACTICES AND STRESSES MUTUAL INTEREST IN REACHING EARLY CONCLUSION BETWEEN COMMISSION AND JCAE ON THIS SUBJECT. JCAE SUBSEQUENTLY HAS ADVISED THAT IT WILL HOLD AN OPEN HEARING ON THIS SUBJECT WEDNESDAY, APRIL 18, AT 1400. CONCERNED PARTIES ARE INVITED TO SUBMIT COMMENTS IN WRITING, AND INDICATE IF THEY DESIRE TO TESTIFY PUBLICLY, TO JCAE BY NO LATER THAN MONDAY, APRIL 16. PLEASE ADVISE ALL POTENTIALLY INTERESTED PARTIES THIS INFORMATION SOONEST.

4. DETAILED SUPPLEMENTAL INFORMATION BEING AIRPOUCHED EC BRUSSELS, BONN, BUENOS AIRES, MEXICO CITY, TOKYO, STOCKHOLM, AND BOMBAY SOONEST

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ALL POSTS WILL BE PROMPTLY ADVISED OF ANY SIGNIFICANT SUBSEQUENT DEVELOPMENTS IN THIS MATTER.

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*** Current Classification *** LIMITED OFFICIAL USE

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Subject: REVISED AEC TOLL ENRICHMENT CONTRACT
TAGS: ENRG, TECH
To: BONN
BRUSSELS
BUENOS AIRES
EC BRUSSELS
MEXICO
MULTIPLE
PARIS

ROME
STOCKHOLM
THE HAGUE
TOKYO

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